

# **GREATER LETABA LOCAL MUNICIPALITY**



**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE  
2010**

# Annual Financial Statements

for

## **GREATER LETABA LOCAL MUNICIPALITY**

for the year ended 30 June 2010

Province:

Limpopo

AFS rounding:

***R (i.e. only cents)***

### **Contact Information:**

<b>Name of Municipal Manager:</b>	I P Mutshinyali
<b>Name of Chief Financial Officer:</b>	M E Mankabidi
Contact telephone number:	015 309 9246/7/8 082 556 2859
Contact e-mail address:	masiye@glm.gov.za
<b>Name of contact at provincial treasury:</b>	M M Tshivule
Contact telephone number:	015 291 8518
Contact e-mail address:	tshivulemm@limtreasury.gov.za
<b>Name of relevant Auditor:</b>	D L Ledwaba
Contact telephone number:	072 184 4437
Contact e-mail address:	dledwaba@agsa.co.za
<b>Name of contact at National Treasury:</b>	Thomas Matjeni
Contact telephone number:	012 315 5792
Contact e-mail address:	thomas.matjeni@treasury.gov.za

**GREATER LETABA LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**General information**

**Members of the Council**

G H Modjadji

**Mayor**

N N Baloi

**Speaker**

M J Masutha

**Members of the Executive Committee**

N G Ramoshaba

S H Moshobane

S F Machete

F M Moroatshehla

M E Nakana

D I Mogale

M D Makhananisa

M P Masela

P J Mampheule (Chief Whip)

M R Mosila

**Members**

M P Malola

R R Ramalatso

M P Lekhota

N M Sebelemetja

D I Matloga

M J Moila

N G Lenyanyabedi

F N Maaake

N F Ngobeni

M M Mashashane

M J Baloyi

M P Matlou

M J Malatsi

M J Maaake

C M Molosi

M A Makgeru

O M Shayi

U M Pheeha

N E Phathudi

G L Sambo

M Mathedimosa

T S Maeko

M F Mokwalakwala

M G Selowa

D L Ramatsi

P S Mothomogolo

S P Mabale

M F Kgamedi  
R E Pohl  
M D Motswi  
L H Ramafalo  
T S Maimela  
T P Ramaremele  
M Q Mashatola  
M M Nkwana  
M E Mafona  
W D Sedibeng  
M F Masinamela (Deceased 15/02/2010)  
M F Moruthoane (Engaged 14/04/2010)  
T J Senyolo (Dismissed 30/11/2009)  
M S Machete (Engaged 06/05/2010)

**Municipal Manager**

I P Mutshinyali

**Chief Financial Officer**

M E Mankabidi

**Grading of Local Authority**

3

**Auditors**

Auditor-General

**Bankers**

First National Bank

**GREATER LETABA LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
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**General information (continued)**

**Registered Office:** Greater Letaba Local Municipality

**Physical address:** Civic Centre  
Botha Street  
Modjadjiskloof  
0835

**Postal address:** P.O Box 36  
Modjadjiskloof  
0835

**Telephone number:**

**Fax number:** (015) 309 9246/7/8

**E-mail address:** (015) 309 9419  
greaterletaba@glm.gov.za

**GREATER LETABA LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS**

**APPROVAL OF ANNUAL FINANCIAL STATEMENTS**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 40, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 23 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act.

**I P MUTSHINYALI  
MUNICIPAL MANAGER**

**DATE**

**GREATER LETABA LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS**

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**GREATER LETABA LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010**

		<b>2010</b>	<b>2009</b>
	<b>Note</b>	<b>R</b>	<b>R</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Inventories	2	2 763 358	2 726 092
Consumer debtors	3	7 814 334	7 952 509
Other receivables	4	7 838 812	1 084 561
VAT receivable	5	10 408 777	5 156 534
Cash and cash equivalents	6	38 237 356	13 132 861
Investments	9	6 607 199	6 183 076
<b>Non-current assets</b>			
Property, plant & equipment	7	178 361 272	137 402 061
Intangible assets	8	31 423	38 999
<b>Total assets</b>		<b><u>252 062 530</u></b>	<b><u>173 676 693</u></b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	31 328 218	20 809 715
Consumer deposits	11	221 078	221 330
Unspent conditional grants and receipts	12	886 192	2 853 393
Current portion of borrowings	13	516 193	391 923
Current portion of finance lease obligation	14	71 092	225 364
Provisions	15	318 005	
<b>Non-current liabilities</b>			
Borrowings	13	10 588 762	11 167 090
Finance lease liability	14	-	71 092
Provisions	15	4 923 866	1 762 753
<b>Total liabilities</b>		<b><u>48 853 406</u></b>	<b><u>37 502 660</u></b>
		<b><u>203 209 124</u></b>	<b><u>136 174 033</u></b>
<b>Net Assets</b>			
Accumulated surplus		203 209 124	136 174 033
		<b><u>203 209 124</u></b>	<b><u>136 174 033</u></b>



**GREATER LETABA LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 R	2009 R
<b>REVENUE</b>			
Property rates	16	5 499 421	1 196 015
Service charges	17	9 880 950	7 274 822
Finance income	18	5 587 028	3 213 327
Government grants and subsidies received - operating	19	84 448 769	60 848 222
Government grants and subsidies received - capital	19	53 717 552	16 125 606
Rental of facilities and equipment		147 456	275 431
Fines		188 240	235 285
Agency fees		1 037 249	3 248 145
Licences and permits		2 724 991	
Public contributions, donated and contributed property, plant and equipment	20	-	14 000 000
Other revenue	21	270 250	314 311
<b>Total Revenue</b>		<b>163 501 906</b>	<b>106 731 164</b>
<b>EXPENDITURE</b>			
Employee related costs	22	27 207 301	25 192 919
Remuneration of councillors	23	9 896 336	9 920 882
Bad debts		7 621 112	-
Depreciation and amortisation expense	24	4 654 779	3 241 943
Finance cost	25	1 934 231	1 965 937
Repairs and maintenance		4 258 347	1 804 701
Bulk purchases	26	6 054 261	4 677 963
Contracted Services		3 994 402	2 860 102
General expenses	27	32 679 269	11 782 817
<b>Total Expenditure</b>		<b>98 300 038</b>	<b>61 447 264</b>
Gain/(Loss) on disposal of assets	28	(99 002)	(1 024 976)
Gain/(Loss) on fair value adjustment	29	17 593	33 510 733
<b>NET SURPLUS FOR THE YEAR</b>		<b>65 120 459</b>	<b>77 769 657</b>

**GREATER LETABA LOCAL MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010**

	<b>Pre GRAP Reserves &amp; Funds</b>	<b>Accumulated Surplus/ (Deficit)</b>	<b>Total: Net Assets</b>
	<b>R</b>		<b>R</b>
<b>Balance at 1 July 2008</b>	69 374 332	524 993	69 899 325
GRAP implementation (note 30)	(69 374 332)	56 156 403	(13 217 929)
<b>Restated balance</b>	<b>-</b>	<b>56 681 396</b>	<b>56 681 396</b>
Surplus/(deficit) for the period		77 769 657	77 769 657
Previous years adjustments		1 722 980	1 722 980
<b>Balance at 30 June 2009</b>	<b>-</b>	<b>136 174 033</b>	<b>136 174 033</b>
<b>Balance at 1 July 2009</b>			
<b>Changes in equity for 2010</b>			
Surplus/(deficit) for the period		65 120 459	65 120 459
Adjustments		1 914 632	
<b>Balance at 30 June 2010</b>	<b>-</b>	<b>203 209 124</b>	<b>65 120 459</b>

**GREATER LETABA LOCAL MUNICIPALITY**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 R	2009 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and others		144 079 107	101 132 538
Cash paid to suppliers and employees		( 75 836 040)	(53 600 365)
<b>Cash generated from / (utilized in) operations</b>	<b>31</b>	<b><u>68 243 067</u></b>	<b><u>47 532 173</u></b>
Finance income		5 587 028	3 213 327
Finance costs		(1 934 231)	(1 965 937)
<b>Net cash from operating activities</b>		<b><u>71 895 864</u></b>	<b><u>48 779 563</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and other assets		(45 705 417)	(36 845 483)
(Increase)/decrease in current investments		( 406 530)	( 772 829)
Decrease in long term receivables			23 605
<b>Net cash used in investing activities</b>		<b><u>(46 111 947)</u></b>	<b><u>(37 594 707)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in long term loans		( 454 058)	( 395 872)
Payment of finance lease liabilities		( 225 364)	( 185 676)
<b>Net cash used in financing activities</b>		<b><u>( 679 422)</u></b>	<b><u>( 581 548)</u></b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b><u>25 104 495</u></b>	<b><u>10 603 308</u></b>
Cash and cash equivalents at beginning of the year		13 132 861	2 529 553
Cash and cash equivalents at end of the year		38 237 356	13 132 861

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

**1.1 BASIS OF PRESENTATION**

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated.

These annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

GRAP and GAAP standards are fundamentally different to the fund accounting policies adopted in the previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GRAP is set out in Note 30.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

**1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

**1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

**1.4 COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

<b>ISSUED BUT NOT YET EFFECTIVE</b>	<b>STANDARD APPLIED</b>
GRAP 18 Segment Reporting	Not applicable
GRAP 21 Impairment of non-cash-generating assets	IAS 36
GRAP 23 Revenue from Non-Exchange Transactions	GAMAP 9
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007	Not applicable
GRAP 25 Employee Benefits	IAS 19
GRAP 26 Impairment of cash generating assets	IAS 36
GRAP 103 Heritage Assets	Not applicable

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.6 RESERVES**

**1.6.1 Revaluation Reserve**

**(Realised through use)**

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

**(If Realised on disposal)**

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised on the disposal of the property, plant and equipment. On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

**1.7 PROPERTY, PLANT & EQUIPMENT**

**1.7.1 Initial recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located, including import duties and non-refundable taxes.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**1.7.2 Subsequent measurement - revaluation model (land and buildings)**

Subsequently land and buildings are stated at revalued amounts, being the fair value of the land and buildings at the date of revaluation less subsequent accumulated depreciation and impairment losses in respect of buildings only.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of land and buildings as a result of a revaluation is recognised as an expense unless there is a revaluation surplus in the reserve account. Any amount in excess of the revaluation surplus is recognised as an expense.

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.7 PROPERTY, PLANT & EQUIPMENT (cont)**

**1.7.3 Subsequent measurement - cost model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**1.7.4 Depreciation and impairment**

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful lives of the asset. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

<b>Infrastructure Assets</b>	<b>Years</b>
Roads, pavements, bridges and storm water	10 - 100
Street names, signs and parking meters	5
Water reservoirs and reticulation	15-20
Electricity reticulation	20-50
Sewerage purification and reticulation	15-20
Refuse sites	15
Security measures	5
<b>Community Assets</b>	
Parks and gardens	10-30
Sport fields	20-30
Community halls	30
Libraries	30
Recreation facilities	30
Cemeteries	30
<b>Other Assets</b>	
Motor vehicles	7 - 15
Plant and equipment	2 -5
IT equipment	5
Office equipment	5
<b>Finance lease assets</b>	
Office equipment	5

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

Heritage assets are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life which are shown at cost. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. (Impairment loss of a revalued asset is treated as a revaluation decrease).

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.7 PROPERTY, PLANT & EQUIPMENT (cont)**

**1.7.5 Derogation**

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The municipality has taken advantage of the transitional provisions in Directive 4 of February 2008, on initial adoption of the standard of GRAP to comply fully with this standard.

**1.8 INTANGIBLE ASSETS**

**1.8.1 Initial recognition**

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset has been acquired at no or for a nominal cost, its cost is its fair value on the date of acquisition.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

**1.8.2 Subsequent measurement - cost model**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test. and the useful life is reviewed at each reporting date, and if the useful life has changed from indefinite and definite, it is treated as a change in accounting estimate in Statement of Financial Performance.

**1.8.3 Amortisation and impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

	Years
Licences	3
Computer software	3

Each item of intangible asset is amortised separately.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised prospectively as a change in accounting estimate in the Statement of Financial Performance.

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.8 INTANGIBLE ASSETS (cont)**

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

**1.8.4 Derecognition**

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.9 NON-CURRENT ASSETS HELD FOR SALE**

**1.9.1 Initial recognition**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**1.9.2 Subsequent measurement**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

**1.10 INVENTORIES**

**1.10.1 Initial recognition**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

**1.10.2. Subsequent measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.



**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.10 INVENTORIES (cont)**

In general, the basis of allocating cost to inventory items is the weighted average method.

The municipality has taken advantage of the transitional provisions in Directive 4 of February 2008, on initial adoption of the standard of GRAP on Inventories, GRAP 12, to comply fully with this standard.

**1.11 FINANCIAL INSTRUMENTS**

**1.11.1 Initial recognition**

Financial instruments are initially measured at fair value, plus, (in the case of financial instruments not at fair value through profit or loss), transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

**1.11.2. Subsequent measurement**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

The Entity classifies its financial assets into the following categories:

- held-to-maturity;
- loans and receivables;
- available-for-sale; and
- fair value through profit and loss.

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the Entity has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Available-for-sale financial assets are financial assets that are designated as available for sale, and are subsequently measured at fair value at Statement of Financial Position date, except for investments in equity instruments that do not have quoted market prices in an active market, and whose fair value cannot be reliably measured, which shall be measured at cost. Any adjustment is recorded in the Statement of Changes in Net Assets in the period in which it arises. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. The fair value of financial instruments classified as available-for-sale is their quoted bid price at the Statement of Financial Position date.
- Fair value through profit and loss financial assets include derivative financial instruments used by the Entity to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a non-current asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.11 FINANCIAL INSTRUMENTS (cont)**

**1.11.2.1 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

**1.11.2.2 TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

**1.11.2.3 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

**1.11.3 IMPAIRMENT**

- An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

**1.12 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions are recognised when the municipality has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.12 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (cont)**

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The municipality has complied with the transitional provisions in Directive 4 of February 2008, on initial adoption of the standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets, GRAP 19, in order to comply fully with this standard..

**1.13 LEASES**

**1.13.1 The Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. The aggregate benefit of incentives of Operating lease are recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease.

**1.13.2 The Municipality as Lessor**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.14 REVENUE RECOGNITION**

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

**1.14.1 Revenue from exchange transactions**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

**Service charges**

Flat rate service charges relating to electricity and water which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

**Sale of goods**

Revenue from the sale of goods is recognised when substantially all the risks and rewards of ownership of the goods is passed to the consumer.

Revenue from the sale of erven is recognised when all conditions associated with the deed of sale have been met.

**Interest, royalties and dividends**

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset.

Royalties are recognised as they are earned on a time basis is recognised on a straight-line basis over the period of the agreement. Royalty revenue that is based on production, sales and other measures is recognised in accordance with the substance of the relevant agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

**Agency Services**

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

The revenue is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Collection charges are recognised when such amounts are incurred.

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.14 REVENUE RECOGNITION (cont)**

**1.14.2 Revenue from non-exchange transactions**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

**Rates (including collection charges and penalty interest)**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income .

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

**Fines**

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

**Public donations and contributions**

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Deferred income relating to government grants are recognised on the following bases:

- Capital contributions to property, plant and equipment: Credited on a systematic basis to the Statement of financial Performance based on the estimated useful life of the plant and equipment.
- Income-related grants subsidising expenses: Credited to the Statement of Financial Performance as revenue when the related expense is recognised

Contributed property, plant and equipment is recognised at fair value, when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

**Other**

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

The municipality complied with Directive 4 of February 2008, on initial adoption of the standard of on Revenue from Exchange Transactions, GRAP 9, and has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.14 REVENUE RECOGNITION (cont)**

**Government grants, transfers and donations**

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

**1.15 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established.

Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

**1.16 EMPLOYEE BENEFITS**

**1.16.1 Short-term employee benefits**

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences, non-monetary benefits such as medical aid and performance plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

**1.16.2 Termination Benefits**

Termination benefits are recognised when actions have been taken to indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

**1.16.3 Retirement benefits**

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.16 EMPLOYEE BENEFITS (cont)**

**Defined benefit plans**

Defined benefit plans are post-employment benefit plans other than Defined Contribution plans. The defined benefit plans are valued triennially by means of the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

Past service costs are recognised immediately where the benefit is vested or are amortised on a straight-line basis over the average period that it will take for such benefits to become vested.

The retirement benefit obligations recognised in the Statement of Financial Position represents the present value of the defined benefit obligation, adjusted for unrecognised actuarial gains and losses, unrecognised service cost and the fair value of plan assets. Where an asset results, such asset is limited to unrecognised actuarial losses, past service costs and the present value of available refunds and reductions in future contributions to the plan.

**Post employment medical care benefits**

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

**1.17 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.18 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.19 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.20 VALUE ADDED TAX (VAT)**

The municipality accounts for Value Added Tax on the payments basis.

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**1.21 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS**

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment  
Recoverable amounts of property, plant and equipment  
Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)  
Provision for doubtful debts  
Impairment of assets  
Provision for long-term service award  
Other

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets  
Provisions  
Other



**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R	
<b>2. INVENTORIES</b>			
Consumable stores - at cost	650 358	613 092	
Unsold property	2 113 000	2 113 000	
	<b><u>2 763 358</u></b>	<b><u>2 726 092</u></b>	
<b>3. CONSUMER DEBTORS</b>			
	<b>Gross Balances</b>	<b>Provision for Doubtful Debts</b>	<b>Net Balance</b>
<b>30 June 2010</b>			
Service debtors			
Rates	11 490 707	(9 285 321)	2 205 386
Electricity	4 163 864	(3 364 703)	799 161
Refuse	9 449 614	(7 635 971)	1 813 643
Other	15 610 788	(12 614 644)	2 996 144
<b>Total</b>	<b><u>40 714 973</u></b>	<b><u>(32 900 639)</u></b>	<b><u>7 814 334</u></b>
<b>30 June 2009</b>			
Service debtors			
Rates	7 423 665	(5 647 164)	1 776 501
Electricity	2 153 020	(1 637 797)	515 223
Refuse	6 391 296	(4 861 843)	1 529 453
Other	17 264 055	(13 132 724)	4 131 331
<b>Total</b>	<b><u>33 232 037</u></b>	<b><u>(25 279 528)</u></b>	<b><u>7 952 509</u></b>
<b>Debtors Age Analysis</b>			
<b>Rates</b>			
Current (0 - 30 days)		596 126	356 437
31 - 60 days		504 405	50 030
61 - 90 days		520 603	45 708
90 days +		9 869 573	6 971 490
<b>Total</b>		<b><u>11 490 707</u></b>	<b><u>7 423 665</u></b>
<b>Electricity</b>			
Current (0 - 30 days)		411 560	438 437
31 - 60 days		227 707	65 037
61 - 90 days		191 849	48 160
90 days +		3 332 748	1 601 386
<b>Total</b>		<b><u>4 163 864</u></b>	<b><u>2 153 020</u></b>
<b>Refuse and other</b>			
Current (0 - 30 days)		427 472	4 965 174
31 - 60 days		416 700	388 814
61 - 90 days		451 308	377 396
90 days +		23 764 922	17 923 968
<b>Total</b>		<b><u>25 060 402</u></b>	<b><u>23 655 352</u></b>

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>3. CONSUMER DEBTORS (cont)</b>		
<b>Reconciliation of the doubtful debt provision</b>		
Balance at beginning of the year	25 279 528	25 279 528
Contributions to provision	7 621 111	-
Doubtful debts written off against provision	-	-
Reversal of provision	-	-
<b>Balance at end of year</b>	<b><u>32 900 639</u></b>	<b><u>25 279 528</u></b>
<b>4. OTHER RECEIVABLES</b>		
Department of Energy	7 255 214	-
Deposit	67 739	65 371
Interest accrued	39 932	-
Sundry debtors	475 927	1 019 190
	<b><u>7 838 812</u></b>	<b><u>1 084 561</u></b>
Refer to note 19.6 regarding the Department of Energy grant.		
<b>5. VAT RECEIVABLE</b>		
VAT receivable	<b><u>10 408 777</u></b>	<b><u>5 156 534</u></b>
<b>6. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of the following:		
Cash at bank	36 775 676	11 747 574
Fixed and call deposits	1 461 680	1 385 287
	<b><u>38 237 356</u></b>	<b><u>13 132 861</u></b>
An investment totalling R1 395 664 (2009: R1 323 188) was ceded to the DBSA as security for a long term loan granted.		
Cash at bank totalling R3 739 585 is attributable to unspent conditional grants.		
The municipality has the following bank accounts:		
<b>Current account (primary bank account)</b>		
Bank: First National Bank		
Account number: 52100005761		
Bank statement balance at beginning of year	<u>2 003 927</u>	<u>677 166</u>
Bank statement balance at end of year	<b><u>12 723 644</u></b>	<b><u>2 003 927</u></b>
Cash book balance at beginning of year	<u>2 003 437</u>	<u>699 466</u>
<b>Cash book balance at end of year</b>	<b><u>12 723 644</u></b>	<b><u>2 003 927</u></b>

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>6. CASH AND CASH EQUIVALENTS (cont)</b>		
<b>Current account (Traffic)</b>		
Bank: First National Bank		
Account number: 62051705534		
Bank statement balance at beginning of year	9 247 370	1 245 926
Bank statement balance at end of year	<u><b>2 371 960</b></u>	<u><b>9 247 370</b></u>
Cash book balance at beginning of year	9 247 370	1 275 024
<b>Cash book balance at end of year</b>	<u><b>23 719 595</b></u>	<u><b>9 247 370</b></u>
<b>Current account (Housing)</b>		
Bank: First National Bank		
Account number: 62051706409		
Bank statement balance at beginning of year	496 778	555 064
Bank statement balance at end of year	<u><b>332 437</b></u>	<u><b>496 778</b></u>
Cash book balance at beginning of year	496 778	555 064
<b>Cash book balance at end of year</b>	<u><b>332 437</b></u>	<u><b>496 778</b></u>

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**7. PROPERTY, PLANT & EQUIPMENT**

**OWNED ASSETS:**

<b>7.1</b>	<b>Land</b>	<b>Buildings</b>	<b>Infrastructure</b>	<b>Other Assets</b>	<b>Total</b>
<b>Reconciliation of Carrying Value 30 June 2010</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Carrying values at beginning of the year</b>	<b>24 625 300</b>	<b>30 940 957</b>	<b>72 326 164</b>	<b>9 267 942</b>	<b>137 160 363</b>
Cost	24 625 300	30 948 437	79 072 630	16 656 290	151 302 657
Accumulated depreciation	-	( 7 480)	(6 746 466)	(7 388 348)	(14 142 294)
Acquisitions		1 801 829	24 916 003	1 840 730	28 558 562
Capital under construction			17 138 827		17 138 827
Depreciation		(1 103 808)	(1 472 764)	(1 869 139)	(4 445 711)
Carrying value of disposals	-	-	(60 296)	(38 707)	(99 003)
Cost			( 120 700)	( 632 532)	( 753 232)
Accumulated depreciation			60 404	593 825	654 229
<b>Carrying value at end of the year</b>	<b>24 625 300</b>	<b>31 638 978</b>	<b>112 847 934</b>	<b>9 200 826</b>	<b>178 313 038</b>
Cost	24 625 300	32 750 266	121 006 760	17 864 488	196 246 814
Accumulated depreciation	-	(1 111 288)	(8 158 826)	(8 663 662)	(17 933 776)

<b>Reconciliation of Carrying Value 30 June 2009</b>	<b>Land</b>	<b>Buildings</b>	<b>Infrastructure</b>	<b>Other Assets</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Carrying values at beginning of the year</b>		<b>7 950 150</b>	<b>54 134 008</b>	<b>7 373 603</b>	<b>69 566 942</b>
Cost	109 181	10 113 827	59 634 729	13 288 396	83 146 133
Accumulated depreciation	-	(2 163 677)	(5 500 721)	(5 914 793)	(13 579 191)
Acquisitions	14 000 000	-	19 437 901	3 367 894	36 805 795
Depreciation		( 3 807)	(1 245 745)	(1 473 555)	(2 723 107)
Fair value adjustment	<b>10 516 119</b>	<b>22 994 614</b>	-	-	<b>33 510 733</b>
Cost reversal	(109 181)	(9 942 490)			(10 051 671)
Accumulated depreciation reversal		2 160 004			2 160 004
Fair value adjustment	10 625 300	30 777 100			41 402 400
<b>Carrying value at end of the year</b>	<b>24 625 300</b>	<b>30 940 957</b>	<b>72 326 164</b>	<b>9 267 942</b>	<b>137 160 363</b>
Cost	24 625 300	30 948 437	79 072 630	16 656 290	151 302 657
Accumulated depreciation – cost	-	( 7 480)	(6 746 466)	(7 388 348)	(14 142 294)

**FINANCE LEASE ASSETS:**

**2010**                      **2009**

<b>7.2</b>	<b>Reconciliation of Carrying Value</b>		
<b>Carrying values at beginning of the year</b>		<b>241 698</b>	<b>435 163</b>
Cost		967 323	967 323
Accumulated depreciation		( 725 625)	( 532 160)
Depreciation		( 193 464)	( 193 465)
<b>Carrying value at end of the year</b>		<b>48 234</b>	<b>241 698</b>
Cost		967 323	967 323
Accumulated depreciation		( 919 089)	( 725 625)

The above office equipment is pledged as security for deemed finance leases.

<b>Total property, plant and equipment</b>	<b>178 361 272</b>	<b>137 402 061</b>
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**7.3** Transitional provisions in terms of Directive 4

The Municipality has taken advantage of the Property, Plant and Equipment transitional provisions in terms of paragraphs .75 and .78 of Directive 4 of February 2008. The three year transitional period lapses on 30 June 2011. The municipality has appointed a service provider to unbundle the assets and this exercise will be completed in the 2010/11 financial year.

**GREATER LETABA LOCAL MUNICIPALITY**  
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	2010 R	2009 R
<b>8. INTANGIBLE ASSETS</b>		
<b>Computer software</b>		
<b>Reconciliation of Carrying Value</b>		
<b>Carrying values at beginning of the year</b>	38 999	-
Cost	39 688	-
Accumulated amortisation	( 689)	-
Acquisitions	8 028	39 688
Amortisation	( 15 604)	( 689)
Cost	47 716	39 688
Accumulated amortisation	( 16 293)	( 689)
<b>Carrying value at end of the year</b>	<b>31 423</b>	<b>38 999</b>
<b>9. INVESTMENTS</b>		
<b>Available for sale investments</b>		
Listed investments	<b>6 607 199</b>	<b>6 183 076</b>
An investment totalling R6 539 804 (2009: R6 120 149) was ceded to the DBSA as security for a long term loan granted.		
<b>10. TRADE AND OTHER PAYABLES</b>		
Trade creditors	2 880 583	1 930 497
Payments received in advance	854 041	382 883
Staff leave	3 610 994	3 018 245
Retentions	6 277 922	2 828 043
VAT provision	-	507 565
Provision for bonus	53 009	608 379
Sundry creditor	4 588	-
Mopani District (Water & Sanitation function)	17 647 080	11 534 103
<b>Total Trade and Other Payables</b>	<b>31 328 218</b>	<b>20 809 715</b>
Refer to note 39.2 relating to Mopani District Municipality.		
<b>11. CONSUMER DEPOSITS</b>		
Water and electricity	<b>221 078</b>	<b>221 330</b>
No interest is paid on consumer deposits.		
Guarantees held in lieu of electricity and water deposits	<b>7 868</b>	<b>50 623</b>

**GREATER LETABA LOCAL MUNICIPALITY**  
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	2010 R	2009 R
<b>12. UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<i>Conditional Grants from other spheres of Government</i>		
Finance Management Grant	718 121	229 468
Municipal Systems Improvement Grant	168 071	665 587
Municipal Infrastructure Grant	-	1 958 338
<b>Total Conditional Grants and Receipts</b>	<b><u>886 192</u></b>	<b><u>2 853 393</u></b>

See note 19 for the reconciliation of grants from other spheres of government.

These amounts are cash backed.

<b>13. BORROWINGS</b>		
Annuity loans	11 104 955	11 559 013
Less: Current portion transferred to current liabilities	<u>( 516 193)</u>	<u>( 391 923)</u>
	<b><u>10 588 762</u></b>	<b><u>11 167 090</u></b>

Refer to Appendix A for more detail on borrowings.

<b>14. FINANCE LEASE LIABILITY</b>			
	<b>Minimum lease payment</b>	<b>Future finance charges</b>	<b>Present value of lease payments</b>
<b>30 June 2010</b>			
<b>Amounts payable under finance leases</b>			
Within one year	76 294	5 202	71 092
Within two to five years	<u>76 294</u>	<u>5 202</u>	<u>71 092</u>
Less: Amount due for settlement within 12 months (current portion)			<u>( 71 092)</u>
<b>30 June 2009</b>			
<b>Amounts payable under finance leases</b>			
Within one year	298 241	72 877	225 364
Within two to five years	<u>76 294</u>	<u>5 202</u>	<u>71 092</u>
	<b><u>374 535</u></b>	<b><u>78 079</u></b>	<b><u>296 456</u></b>
Less: Amount due for settlement within 12 months (current portion)			<u>(225 364)</u>
			<b><u>71 092</u></b>

The liability is secured by office equipment under deemed finance leases with a carrying value of R48 234 (2009: R241 698). The effective interest rate is 43.3% and is repayable in 60 equal instalments of which the first was paid in October 2005. The last instalment is payable during September 2010.

**GREATER LETABA LOCAL MUNICIPALITY**  
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	2010 R	2009 R
<b>15. PROVISIONS</b>		
<b>15.1 NON CURRENT PROVISION</b>		
Provision for landfill rehabilitation	1 912 587	1 762 753
Post retirement medical aid benefits	2 029 185	-
Long service awards	982 094	-
	<u><u>4 923 866</u></u>	<u><u>1 762 753</u></u>
<b>Landfill rehabilitation</b>		
The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. The landfill site is no longer in use.		
The movement in the non-current provision is reconciled as follows: -		
Provision for rehabilitation of landfill sites:		
Balance at the beginning of year	1 762 753	1 655 167
Increase in provision due to discounting	149 834	107 586
Balance at the end of year	<u><u>1 912 587</u></u>	<u><u>1 762 753</u></u>
<b>Post retirement medical aid benefits</b>		
An actuarial valuation has been performed in respect of benefits to eligible retirees and current retirees.		
<b>Long service awards</b>		
An actuarial valuation has been performed in respect of long service benefits which employees may become entitled to upon completion of a certain numbers of years service.		
<b>15.2 CURRENT PROVISION</b>		
Provision for performance bonuses	<u><u>318 005</u></u>	<u><u>-</u></u>
Performance bonuses are paid one year in arrears as the assessment of eligible employees has not taken place at the reporting date.		
<b>16. PROPERTY RATES</b>		
Residential		817 835
Commercial		360 162
State		18 018
	<u><u>5 499 421</u></u>	<u><u>1 196 015</u></u>

**GREATER LETABA LOCAL MUNICIPALITY**  
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	2010 R	2009 R
<b>16. PROPERTY RATES (cont)</b>		
<b>VALUATIONS</b>	<b>R000's</b>	<b>R000's</b>
Residential	401 576 810	491 673 576
Commercial	80 945 400	69 434 357
State	26 727 000	23 640 755
Municipal	69 402 978	4 272 000
Agriculture	419 398 050	
Other	27 114 100	
	<b><u>1 025 164 338</u></b>	<b><u>589 020 688</u></b>
<p>Valuations on land and buildings are performed every four years. The last valuation roll came into effect on 1 July 2007. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions.</p> <p>Various rates apply for the different categories which is applied to property valuations to determine assessment rates. Rebates are granted to residential. Rates are levied on a monthly basis on property owners.</p> <p>Interest at 14% per annum (2009: 14%) is levied on outstanding rates.</p>		
<b>17. SERVICE CHARGES</b>		
Sale of electricity	7 122 707	4 916 632
Refuse removal	2 758 243	2 358 190
	<b><u>9 880 950</u></b>	<b><u>7 274 822</u></b>
<b>18. FINANCE INCOME</b>		
Cash and cash equivalents	1 938 890	617 257
External investments	541 840	772 831
Arrear consumers debtors	3 106 298	1 823 239
	<b><u>5 587 028</u></b>	<b><u>3 213 327</u></b>
<b>19. GOVERNMENT SUBSIDIES &amp; GRANTS</b>		
<b>Operating Grants</b>	<b>84 448 769</b>	<b>60 848 222</b>
Equitable share	82 637 706	59 810 226
Finance management Grant	261 348	294 147
Municipal Systems Improvement Grant	1 091 215	743 849
Other	458 500	-
<b>Capital Grants</b>	<b>53 717 552</b>	<b>16 125 606</b>
Municipal Infrastructural Grant	42 009 338	16 125 606
INEP	11 708 214	-
<b>Total Government Grants &amp; Subsidies</b>	<b><u>138 166 321</u></b>	<b><u>76 973 828</u></b>



**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>19. GOVERNMENT SUBSIDIES &amp; GRANTS (cont)</b>		
<b>19.1 <i>Equitable Share</i></b>		
In terms of the Constitution, this is an unconditional grant used to subsidise the provision of basic services to indigent		
<b>19.2 <i>Finance Management Grant</i></b>		
Balance unspent at beginning of year	229 468	23 615
Current year receipts	750 000	500 000
Conditions met – transferred to revenue	( 261 348)	( 294 147)
<b>Unspent amount transferred to liabilities</b>	<b>718 120</b>	<b>229 468</b>
(see note 12)		
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. The conditions of the grant were met. No funds have		
<b>19.3 <i>Municipal Systems Improvement Grant</i></b>		
Balance unspent at beginning of year	665 587	674 436
Current year receipts	735 000	735 000
Conditions met – transferred to revenue	(1 091 215)	( 743 849)
<b>Unspent amount transferred to liabilities</b>	<b>309 372</b>	<b>665 587</b>
(see note 12)		
The purpose of the grant is for institutional systems. No funds were withheld or delayed.		
<b>19.4 <i>Municipal Infrastructure Grant (MIG)</i></b>		
Balance unspent at beginning of year	1 958 338	-
Current year receipts	40 051 000	18 083 944
Conditions met – transferred to revenue	(42 009 338)	(16 125 606)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>1 958 338</b>
This grant was used to construct municipal infrastructure to provide basic services for the benefit of poor households. The conditions of the grant were met. No funds have been withheld. The municipality utilised an amount of R1 950 288 of its own funds for the infrastructure construction.		
<b>19.5 <i>Other</i></b>		
DPW - EPWP incentive	316 800	-
LGSETA	141 700	-
<b>Transferred to revenue</b>	<b>458 500</b>	<b>-</b>
<b>19.6 <i>INEP</i></b>		
Balance unspent at beginning of year	-	-
Current year receipts	4 453 000	-
Conditions met – transferred to revenue	(11 708 214)	-
<b>Spent amount transferred to current asset</b>	<b>(7 255 214)</b>	<b>-</b>
(see note 4)		
The amount of R7 255 214 will be reimbursed by the Department of Energy in the 2010/11 financial year. The municipality also utilised an amount of R1 384 314 of its own funds to fund the project.		
<b>19.7 <i>Changes in levels of government grants</i></b>		
Based on the allocations set out in the Division of Revenue Act, (Act 12 of 2009), no significant changes in the level of government grant funding are expected over the forthcoming 3		

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R	
<b>20. PUBLIC CONTRIBUTIONS, DONATED &amp; CONTRIBUTED PROPERTY, PLANT &amp; EQUIPMENT</b>			
Department of Local Government And Housing	-	14 000 000	
	<u>-</u>	<u>14 000 000</u>	
A farm was donated to the municipality for the purpose of building RDP houses.			
<b>21. OTHER REVENUE</b>			
Sale of stands	-	98 409	
Dividend received	218	-	
Sundry	270 031	215 902	
<b>Total Other revenue</b>	<u><b>270 250</b></u>	<u><b>314 311</b></u>	
<b>22. EMPLOYEE RELATED COSTS</b>			
Employee related cost - Salaries and wages	19 927 719	16 567 097	
Employee related cost - Social contributions	3 594 352	3 012 342	
Travel, motor car, accommodation & other	509 076	776 673	
Housing benefits and allowances	391 126	393 972	
Overtime benefits	1 993 075	2 043 833	
Leave provision	791 953	2 399 002	
	<u><b>27 207 301</b></u>	<u><b>25 192 919</b></u>	
There were no advances paid to employees.			
<b>Municipal Manager</b>			
Annual remuneration	587 245	522 964	
Performance and other bonuses	65 775	61 792	
Travel, motor car, accomodation, subsistence and other allowances	343 913	267 907	
Contributions to UIF, Medical and Pension Funds	56 696	73 907	
	<u><b>1 053 629</b></u>	<u><b>926 570</b></u>	
<b>Chief Financial Officer</b>			
Annual remuneration	429 450	371 760	
Performance and other bonuses	-	43 942	
Travel, motor car, accomodation, subsistence and other allowances	222 754	162 793	
Contributions to UIF, Medical and Pension Funds	85 542	80 539	
	<u><b>737 746</b></u>	<u><b>659 034</b></u>	
	<b>Community Services</b>	<b>Corporate Services</b>	<b>Infrastructure &amp; Develop Planning</b>
<b>Remuneration of Individual Directors 30 June 2010</b>			
Annual remuneration	441 954	393 775	404 440
Performance and other bonuses	49 167	-	-
Travel, motor car, accomodation, subsistence and other allowances	187 418	222 227	167 360
Contributions to UIF, Medical and Pension Funds	79 543	86 292	106 892
	<u><b>758 082</b></u>	<u><b>702 294</b></u>	<u><b>678 692</b></u>

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>22. EMPLOYEE RELATED COSTS (cont)</b>		
	<b>Community Services</b>	<b>Corporate Services</b>
		<b>Infrastructure &amp; Develop Planning</b>
<b>Remuneration of Individual Directors</b>		
<b>30 June 2009</b>		
Annual remuneration	353 236	146 856
Performance and other bonuses	38 238	43 942
Travel, motor car, accomodation, subsistence and other allowances	166 558	57 599
Contributions to UIF, Medical and Pension Funds	67 039	32 546
	<u><b>625 071</b></u>	<u><b>280 943</b></u>
		<u><b>611 559</b></u>
No performance bonuses were paid out in terms of Section 57 of the Municipal Systems Act.		
<b>23. REMUNERATION OF COUNCILLORS</b>		
Mayor	515 950	528 685
Speaker	416 039	414 903
Executive Committee members	2 372 196	2 451 139
Councillors	6 592 152	6 526 155
	<u><b>9 896 336</b></u>	<u><b>9 920 882</b></u>
The Mayor, Speaker, Chief Whip and an ordinary councillor are full time. Each is provided with an office and secretarial support at the cost of Council.		
The Mayor has use of a Council owned vehicle for official duties.		
<b>24. DEPRECIATION AND AMORTISATION EXPENSE</b>		
Property, plant and equipment	4 651 604	3 241 254
Intangible assets	3 175	689
	<u><b>4 654 779</b></u>	<u><b>3 241 943</b></u>
<b>25. FINANCE COST</b>		
Borrowings	1 711 518	1 880 484
Finance leases	72 879	85 453
Provisions	149 834	-
	<u><b>1 934 231</b></u>	<u><b>1 965 937</b></u>
<b>26. BULK PURCHASES</b>		
Electricity	6 054 261	4 677 963
	<u><b>6 054 261</b></u>	<u><b>4 677 963</b></u>

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>27. GENERAL EXPENSES</b>		
Included in general expenses is the following:-		
Advertising	394 801	408 513
Audit fees	1 464 635	1 460 976
Bank charges	164 698	133 455
Conferences and congresses	118 016	255 936
Insurance	587 390	637 961
Legal expenses	446 936	737 468
Membership fees	245 754	362 343
Printing and stationery	457 276	407 773
Rental of offices	-	2 429 130
Telephone & cellphone costs	499 222	627 367
Training	51 400	318 186
Travel and subsistence	2 031 285	1 380 276
Vehicle costs	1 121 223	1 644 605
Electrification of villages	15 287 823	-
Contribution to post retirement medical care	2 369 846	-
Other	7 438 963	978 828
	<u><u>32 679 269</u></u>	<u><u>11 782 817</u></u>
<b>28. GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		
Property, plant and equipment	<u><u>99 002</u></u>	<u><u>1 024 976</u></u>
<b>29. GAIN/(LOSS) ON FAIR VALUE ADJUSTMENT</b>		
Other financial assets	<u><u>17 593</u></u>	<u><u>-</u></u>
<b>30. CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GRAP</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP: -		
<b>30.1 Statutory Funds</b>		
Balance previously reported: -		
Capital Development Fund		3 363 199
Loan Redemption Fund		309 861
Land Trust Fund		276 286
Township Development Suspense		(4 185 451)
Trust Fund		(8 390 019)
Loans Redeemed and Other Capital Receipts		78 000 456
<b>Total (credited to Accumulated Surplus) (see 30.5 below)</b>		<u><u>69 374 332</u></u>
<b>30.2 Property, plant and equipment</b>		
Balance previously reported		
Implementation of GRAP		
Assets not meeting the criteria		( 236 274)
Finance leased assets previously not recognised		485 191
<b>Total (credited to Accumulated Surplus) (see 30.5 below)</b>		<u><u>248 917</u></u>

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>30. CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GRAP (cont)</b>		
<b>30.3 Inventory and Provisions</b>		
Balance previously reported		-
<b>Implementation of GRAP</b>		
Unsold property now shown as inventory		2 113 000
Landfill rehabilitation provision		(1 655 167)
<b>Total (credited to Accumulated Surplus) (see 30.5 below)</b>		<b>457 833</b>
<b>30.4 Accumulated Depreciation</b>		
Balance previously reported		-
<b>Implementation of GRAP</b>		
Backlog depreciation: Infrastructure		5 727 380
Backlog depreciation: Buildings		15 315
Backlog depreciation: Other		8 181 984
<b>Total (debited to Accumulated Surplus) (see 30.5 below)</b>		<b>13 924 679</b>
<b>30.5 Accumulated Surplus</b>		
<b>Implementation of GRAP</b>		
Transferred from statutory funds (see 30.1 above)		69 374 332
Property, plant & equipment adjustments (see 30.2 above)		248 917
Adjustments to inventory and provision (see 30.3 above)		457 833
Backlog depreciation (see 30.4 above)		(13 924 679)
<b>Total</b>		<b>56 156 403</b>
<b>31. CASH GENERATED FROM/(UTILISED IN) OPERATIONS</b>		
<b>Net surplus for the year</b>	65 120 459	77 769 657
Adjustment for:		
Prior year adjustments	1 914 632	1 722 980
Depreciation charges	4 654 779	3 241 943
Loss on disposal of assets	99 002	1 024 976
GRAP conversion	-	6 969 523
Fair value adjustment	( 17 593)	(33 510 733)
Contribution to Provisions	3 479 119	-
Finance income	(5 587 028)	(3 213 327)
Finance costs	1 934 231	1 965 937
<b>Operating surplus before working capital changes</b>	<b>71 597 601</b>	<b>55 970 956</b>
(Increase)/decrease in inventories	( 37 266)	( 16 277)
(Increase)/decrease in consumer debtors	138 175	(9 356 553)
(Increase)/decrease in other receivables	(6 754 251)	-
(Increase)/decrease in VAT receivable	(5 252 243)	-
Increase/(decrease) in conditional grants	(1 967 201)	-
Increase/(decrease) in trade payables and other payables	10 518 503	932 316
Increase/(decrease) in consumer deposits	( 252)	1 731
<b>Net cash from operating activities</b>	<b>68 243 067</b>	<b>47 532 173</b>

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>32. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT. 2003</b>		
<b>32.1 Contribution to SALGA</b>		
Council membership fees payable	245 754	362 343
Amount paid current year	( 245 754)	( 362 343)
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>
<b>32.2 Audit Fees</b>		
Current year audit fee	1 464 635	1 460 976
Amount paid current year	(1 464 635)	(1 460 976)
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>
<b>32.3 VAT</b>		
VAT is payable on the cash basis. VAT input receivables and VAT output receivable are shown in note 5. All VAT returns have been submitted by the due date throughout the year.		
<b>32.4 PAYE &amp; UIF</b>		
Current payroll deductions	4 974 355	4 263 825
Amount paid current year	(4 974 355)	(4 263 825)
	<u>-</u>	<u>-</u>
<b>32.5 Pension and Medical Aid Deductions</b>		
Current payroll deductions	4 354 566	4 764 098
Amount paid current year	(4 354 566)	(4 764 098)
	<u>-</u>	<u>-</u>
<b>32.6 Distribution losses</b>		
The distribution losses was as follows for the year under review:		
Water distribution loss - 42%		
Electricity distribution loss - 48%		
<b>33. COUNCILLOR'S ARREAR CONSUMER ACCOUNTS</b>		
The following councillors were in arrears with their municipal accounts at 30 June 2010.		
Mr M J Nakana	5 604	
Mr M Matedimosa	1 300	
<b>34. COMMITMENTS</b>		
Commitments in respect of expenditure:		
Approved and contracted for	<u>11 114 269</u>	
The expenditure will be financed from:		
- Government Grants	<u>11 114 269</u>	

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>35. DEVIATIONS FROM SUPPLY CHAIN</b>		
Refer to Appendix F for details relating to deviation from supply chain processes.		
<b>36. CONTINGENT LIABILITIES</b>		
<b>36.1 GLM vs. George Meyer</b>	100 000	
It is alleged that the Municipality dug a hole which resulted in the death of an old woman who fell in it. GLLM Insurers, Alexander Forbes are in process of resolving the issue.		
<b>36.2 GLM vs. Limpopo Department of Transport</b>	4 093 834	
Due to Financial Management problems in the Municipality, the money collected on behalf of the Dept of Transport was not paid over for the period 2000 to October 2003. The Municipality has communicated with the Department for the possible write-off.		
<b>36.3 GLM vs. Ramalepe</b>	109 000	
The Municipality allocated a stand to Mr Ramalepe & Mrs Ramalatso. Mrs Ramalatso processed the stand with the Deeds Office and obtained the title deed. Mr Ramalepe built a structure on the stand, claiming the costs from the Municipality. Jan Tromp & Associates Inc. Attorneys are in the process of resolving the issue.		
<b>36.4 GLM vs. MW Malapane</b>	51 846	
The Municipality tractor collided with the vehicle belonging to Mr MW Malapane, the incident which was not reported to the police by the driver. Mr MW Malapane is claiming the damages for the vehicle from the Municipality. The driver of the tractor has since been dismissed. The Municipality accepted the liability, and want to offset that liability with Mr Malapane's debt owed to the Municipality.		
<b>36.5 GLM vs. Tzaneen Swaarvoertuie</b>	27 132	
The Municipality took a tractor to Tzaneen Swaarvoertuie for repairs and during the process the Municipality decided to auction the tractor which was bought. The owners failed to collect the tractor and Tzaneen Swaarvoertuie claims storage fee from the Municipality as it was the Municipality that placed the tractor in storage.		
<b>36.6 PS Sekhula</b>	38 496	
The Municipal grader collided with the vehicle belonging to Mr Sekhula who is claiming damages to the vehicle and the revenue loss as a result of his vehicle not being operational.		

**GREATER LETABA LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
37.	<b>COMPARISON WITH THE BUDGET</b>	
	The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1) and E(2).	
38.	<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>	
38.1	<b>Fruitless and wasteful expenditure</b>	
	Reconciliation of fruitless and wasteful expenditure	
	Opening balance	113 693
	Fruitless and wasteful expenditure current year	-
	Recovered from official - trf to Other Receivables	-
	Condoned by Council	(39 203)
	Fruitless and wasteful expenditure awaiting condonement	<u>74 490</u>
		<u>113 693</u>
	The fruitless and wasteful expenditure amounting R74 490 relates to the purchase of a refuse truck.	
	The fruitless and wasteful expenditure amounting R39 203 relates to the purchase of tools which was excessive. This expenditure was condoned by Council.	
39.	<b>RELATED PARTY DISCLOSURES</b>	
39.1	<b>Transactions during the year with key management personnel</b>	
	<b>Remuneration</b>	
	Section 57 Managers	<u>3 930 443</u>
		<u>3 103 177</u>
	<b>Details of loans and advances</b>	
	The MFMA prohibits the granting of loans and advances to officials.	
39.2	<b>List of related parties</b>	
	<b>Name of related party</b>	<b>Relationship</b>
	Mopani District Municipality	Rendering of water and sanitation function
	The water and sanitation transactions have been removed from the financial records of Greater Letaba Municipality. This excludes VAT which will be accounted for by Greater Letaba Municipality.	



GREATER LETABA LOCAL MUNICIPALITY

APPENDIX A  
SCHEDULE OF INTEREST BEARING BORROWINGS AS AT 30 JUNE 2010

External Loans	Loan No.	Redeemable	Balance at 30 June 2009	Interest paid during the period	Received during the period	Redeemed or written off during the period	Balance at 30 June 2010
			R	R	R	R	R
<b>LONG TERM LOANS</b>							
Development Bank of Southern Africa			11 559 013	1 711 518	-	454 058	11 104 955
<b>Total External Loans</b>			<b>11 559 013</b>	<b>1 711 518</b>	<b>-</b>	<b>454 058</b>	<b>11 104 955</b>

**GREATER LETABA LOCAL MUNICIPALITY**

**APPENDIX B  
ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2010**

	HISTORICAL COST					ACCUMULATED DEPRECIATION				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R
<b>INFRASTRUCTURE</b>	<b>79 072 631</b>	<b>24 916 003</b>	<b>17 138 827</b>	<b>120 700</b>	<b>121 006 761</b>	<b>6 746 467</b>	<b>1 472 764</b>	<b>60 404</b>	<b>8 158 827</b>	<b>112 847 935</b>
Roads, pavements, bridges & stormwater	55 177 982	23 850 029			79 028 011	4 079 243	959 325		5 038 569	73 989 443
Water reservoirs & reticulation	831 069			13 411	817 658	77 752	32 761	1 562	108 952	708 707
Electricity reticulation	23 063 580	1 065 974		107 289	24 022 265	2 589 471	480 677	58 842	3 011 306	21 010 959
Other			17 138 827		17 138 827				-	17 138 827
<b>COMMUNITY ASSETS</b>	<b>55 573 736</b>	<b>1 801 829</b>	<b>-</b>	<b>-</b>	<b>57 375 565</b>	<b>7 480</b>	<b>1 103 808</b>	<b>-</b>	<b>1 111 288</b>	<b>56 264 278</b>
Land	24 625 300				24 625 300				-	24 625 300
Buildings	30 948 436	1 801 829			32 750 265	7 480	1 103 808		1 111 288	31 638 978
Cemetery					-				-	-
Recreational facilities					-				-	-
<b>OTHER ASSETS</b>	<b>17 623 613</b>	<b>1 840 730</b>	<b>-</b>	<b>632 532</b>	<b>18 831 811</b>	<b>8 113 972</b>	<b>2 062 604</b>	<b>593 825</b>	<b>9 582 751</b>	<b>9 249 060</b>
Other motor vehicles	8 728 495	68 000			8 796 495	4 157 804	863 730		5 021 534	3 774 961
Plant & equipment	3 083 469	30 836		59 407	3 054 899	1 491 193	243 758	59 404	1 675 547	1 379 351
Office equipment	3 572 801	1 171 901		571 801	4 172 901	2 079 832	742 927	533 125	2 289 634	1 883 267
Bulk Refuse Containers	424 717	69 881			494 598	56 890	45 106		101 996	392 603
Emergency Equipment	18 630				18 630	2 559	1 242		3 801	14 829
Furniture Fittings	312 569	500 112		1 325	811 356	143 807	66 981	1 297	209 491	601 865
Other	1 482 932				1 482 932	181 887	98 860		280 747	1 202 185
<b>TOTAL</b>	<b>152 269 980</b>	<b>28 558 563</b>	<b>17 138 827</b>	<b>753 232</b>	<b>197 214 137</b>	<b>14 867 919</b>	<b>4 639 176</b>	<b>654 229</b>	<b>18 852 865</b>	<b>178 361 272</b>

**GREATER LETABA LOCAL MUNICIPALITY**

**APPENDIX C  
SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2010**

	HISTORICAL COST					ACCUMULATED DEPRECIATION					Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
	R	R		R	R	R	R	R	R	R	
EXECUTIVE & COUNCIL	2 477 568	369 249	-	14 609	2 832 208	640 136	396 982	14 316	1 022 802	1 809 406	
Mayor and Council	2 268 017	369 249		13 701	2 623 565	508 805	369 786	13 700	864 891	1 758 674	
Municipal Manager's office	209 551			908	208 643	131 331	27 196	616	157 910	50 733	
FINANCE & ADMINISTRATION	42 362 101	2 998 528	-	537 072	44 823 557	4 129 669	1 209 762	498 667	4 840 764	39 982 793	
Budget & Treasury office	1 289 774	330 931		8 233	1 612 472	846 813	294 532	8 230	1 133 115	479 357	
Human Resources	17 082	771 978			789 060	5 200	79 444		84 644	704 416	
Information technology	136 138	206 552		8 232	334 458	60 968	44 289	8 230	97 027	237 431	
Property services	17 349 118	1 671 410		1 113	19 019 415	1 111	428 171	1 111	428 171	18 591 245	
Other	17 813 307			474 378	17 338 929	782 919	166 399	435 986	513 332	16 825 597	
Workshop	5 756 682	17 656		45 116	5 729 222	2 432 659	196 927	45 110	2 584 476	3 144 746	
PLANNING & DEVELOPMENT	335 209	-	-	22 224	312 985	73 940	47 465	22 222	99 183	213 802	
Economic development & planning	335 209			22 224	312 985	73 940	47 465	22 222	99 183	213 802	
ROAD TRANSPORT	59 521 905	23 820 919	17 138 827	58 625	100 423 026	5 469 563	1 375 919	58 621	6 786 861	93 636 165	
Vehicle licensing & testing	513 827			57	513 770	228 333	75 288	55	303 566	210 204	
Roads	56 755 078	23 820 919	17 138 827	58 568	97 656 256	5 241 230	1 248 898	58 566	6 431 562	91 224 694	
Taxi ranks	2 253 000				2 253 000		51 733		51 733	2 201 267	
COMMUNITY & SOCIAL SERVICES	14 800 129	-	-	1	14 800 128	160 919	553 904	-	714 823	14 085 305	
Libraries	2 443 021				2 443 021	-	79 670		79 670	2 363 351	
Community halls & other facilities	12 357 108			1	12 357 107	160 919	474 235		635 154	11 721 953	
PUBLIC SAFETY	1 558 610	619 104	-	1	2 177 714	246 021	85 188	-	331 209	1 846 504	
Disaster management	144 266			1	144 265	116 332	4 046		120 378	23 887	
Street lighting	1 414 344	619 104			2 033 448	129 689	81 143		210 832	1 822 617	
HOUSING	175	-			175	142	12		154	21	
SPORT & RECREATION	3 360 910	65 154	-	-	3 426 064	48 011	100 543		148 554	3 277 511	
WASTE WATER MANAGEMENT	2 857 918	102 540	-	-	2 960 458	726 340	155 711	-	882 051	2 078 407	
Sewerage	907 310				907 310	352 642	117 303		469 945	437 365	
Storm water	1 779 272	102 540			1 881 812	366 218	34 601		400 820	1 480 992	
Public toilets	171 336				171 336	7 480	3 807		11 287	160 050	
WASTE MANAGEMENT	1 601 731	128 449			1 730 180	457 424	134 909		592 333	1 137 847	
Solid waste/refuse	1 601 731	128 449			1 730 180	457 424	134 909		592 333	1 137 847	
WATER	1 292 781	-	-	13 411	1 279 370	316 759	93 976	1 562	409 174	870 196	
Water distribution	1 292 781			13 411	1 279 370	316 759	93 976	1 562	409 174	870 196	
ELECTRICITY	22 100 942	454 619	-	107 289	22 448 272	2 598 996	484 804	58 841	3 024 959	19 423 313	
Electricity distribution	22 100 942	454 619		107 289	22 448 272	2 598 996	484 804	58 841	3 024 959	19 423 313	
	152 269 980	28 558 562	17 138 827	753 232	197 214 137 #	14 867 919	4 639 175	654 229	18 852 865	178 361 272	

# GREATER LETABA LOCAL MUNICIPALITY

## APPENDIX D

### DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

2009 Actual Income	2009 Actual Expenditure	2009 Actual Surplus/ (Deficit)		2010 Actual Income	2010 Actual Expenditure	2010 Actual Surplus/ (Deficit)
R	R	R		R	R	R
-	13 272 122	(13 272 122)	<b>EXECUTIVE &amp; COUNCIL</b>	-	21 029 752	(21 029 752)
	13 180 012	(13 180 012)	Mayor and Council		19 322 125	(19 322 125)
	92 110	(92 110)	Municipal Manager's office		1 707 627	(1 707 627)
<b>129 483 645</b>	<b>15 657 858</b>	<b>113 825 787</b>	<b>FINANCE &amp; ADMINISTRATION</b>	<b>137 977 433</b>	<b>34 682 506</b>	<b>103 294 927</b>
95 972 912	6 496 252	89 476 660	Budget & Treasury office	137 977 433	21 020 348	116 957 085
	2 049 425	(2 049 425)	Human Resources		3 200 410	(3 200 410)
	236 785	(236 785)	Information technology		292 607	(292 607)
33 510 733	1 538 697	31 972 036	Property services		4 815 510	(4 815 510)
	4 132 637	(4 132 637)	Other		4 585 168	(4 585 168)
	1 204 062	(1 204 062)	Workshop		768 463	(768 463)
-	<b>2 452 943</b>	<b>(2 452 943)</b>	<b>PLANNING &amp; DEVELOPMENT</b>	-	<b>3 229 975</b>	<b>(3 229 975)</b>
	2 452 943	(2 452 943)	Economic development & planning		3 229 975	
<b>3 483 430</b>	<b>13 130 920</b>	<b>(9 647 490)</b>	<b>ROAD TRANSPORT</b>	<b>3 950 480</b>	<b>11 162 436</b>	<b>(7 211 956)</b>
3 483 430	4 738 074	(1 254 644)	Vehicle licensing & testing	3 950 480	3 607 643	342 837
	8 274 635	(8 274 635)	Roads		7 437 121	(7 437 121)
	118 211	(118 211)	Taxi ranks		117 672	(117 672)
-	<b>1 795 088</b>	<b>(1 795 088)</b>	<b>COMMUNITY &amp; SOCIAL SERVICES</b>	-	<b>1 755 040</b>	<b>(1 755 040)</b>
	1 248 372	(1 248 372)	Libraries		521 137	(521 137)
	402 401	(402 401)	Community halls & other facilities		1 123 097	(1 123 097)
	144 315	(144 315)	Cemeteries & crematoriums		110 806	(110 806)
-	<b>631 333</b>	<b>(631 333)</b>	<b>PUBLIC SAFETY</b>	-	<b>773 046</b>	<b>(773 046)</b>
	540 989	(540 989)	Disaster management		430 817	(430 817)
	90 344	(90 344)	Street lighting		342 229	(342 229)
-	<b>518 149</b>	<b>(518 149)</b>	<b>HOUSING</b>	-	<b>636 624</b>	<b>(636 624)</b>
-	<b>3 945 466</b>	<b>(3 945 466)</b>	<b>SPORT &amp; RECREATION</b>	-	<b>3 011 377</b>	<b>(3 011 377)</b>
<b>1 150 039</b>	<b>1 549 358</b>	<b>(399 319)</b>	<b>WASTE WATER MANAGEMENT</b>	<b>1 187 089</b>	<b>999 686</b>	<b>187 403</b>
1 150 039	989 539	160 500	Sewerage	1 187 089	621 820	565 269
	31 143	(31 143)	Storm water		44 327	(44 327)
	528 676	(528 676)	Public toilets		333 539	(333 539)
<b>2 358 190</b>	<b>2 738 332</b>	<b>(380 142)</b>	<b>WASTE MANAGEMENT</b>	<b>2 758 243</b>	<b>2 335 439</b>	<b>422 804</b>
2 358 190	2 738 332	(380 142)	Solid waste/refuse	2 758 243	2 335 439	422 804
<b>12 050 286</b>	<b>7 531 866</b>	<b>4 518 420</b>	<b>WATER</b>	<b>16 079 186</b>	<b>6 856 026</b>	<b>9 223 160</b>
12 050 286	7 531 866	4 518 420	Water distribution	16 079 186	6 856 026	9 223 160
			Water storage			
<b>4 916 632</b>	<b>7 591 408</b>	<b>(2 674 776)</b>	<b>ELECTRICITY</b>	<b>18 831 321</b>	<b>23 941 012</b>	<b>(5 109 691)</b>
4 916 632	7 591 408	(2 674 776)	Electricity distribution	18 831 321	23 941 012	(5 109 691)
<b>153 442 222</b>	<b>70 814 843</b>	<b>82 627 379</b>	<b>Total</b>	<b>180 783 752</b>	<b>110 412 919</b>	<b>70 370 833</b>

**GREATER LETABA LOCAL MUNICIPALITY**

**APPENDIX E (1)**  
**ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2010 Actual R</b>	<b>2010 Budget R</b>	<b>2010 Variance R</b>	<b>2010 Variance %</b>	<b>Explanations of significant variances greater than 10% versus budget</b>
<b>REVENUE</b>					
Property rates	5 499 421	4 867 060	632 361	12.99	
Service charges	9 880 950	16 639 065	(6 758 115)	(40.62)	
Rental of facilities and equipment	147 456	167 190	( 19 734)		
Finance income	5 587 028	( 983 522)	6 570 550	(668.06)	
Fines	188 240	500 000	( 311 760)	(62.35)	
Revenue for agency services	1 037 249	3 019 225	(1 981 976)	(65.65)	
Government grants & subsidies – operating	84 448 769	109 357 330	(24 908 561)	(22.78)	
Government grants & subsidies – capital	53 717 552	35 272 618	18 444 934	52.29	
Other revenue	270 250	250 000	20 250	8.10	
<b>Total Revenue</b>	<b>160 776 915</b>	<b>169 088 966</b>	<b>(8 312 051)</b>	<b>(4.92)</b>	
<b>EXPENDITURE</b>					
Employee related costs	27 207 301	32 382 707	(5 175 406)	(15.98)	
Remuneration of councillors	9 896 336	12 102 363	(2 206 027)	(18.23)	
Bad debts	7 621 112	0	7 621 112		
Depreciation	4 654 779	0	4 654 779		
Repairs & maintenance	4 258 347	6 247 801	(1 989 454)	(31.84)	
Finance costs	1 934 231	2 162 558	( 228 327)	(10.56)	
Bulk purchases	6 054 261	11 950 999	(5 896 738)	(49.34)	
General expenses	32 679 269	59 698 666	(27 019 397)	(45.26)	
<b>Total Expenditure</b>	<b>94 305 637</b>	<b>124 545 094</b>	<b>(30 239 457)</b>	<b>(24.28)</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>66 471 279</b>	<b>44 543 872</b>	<b>21 927 407</b>		

**GREATER LETABA LOCAL MUNICIPALITY**

**APPENDIX E (2)**  
**ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	2010 Actual R	2010 Under Construction R	2010 Total Additions R	2010 Budget R	2010 Variance R	2010 Variance %	Explanations of significant variances greater than 5% versus budget
<b>EXECUTIVE COUNCIL</b>	-	<b>369 249</b>	<b>369 249</b>	<b>1 647 032</b>	<b>(667 283)</b>		
Mayor and Council		369 249	369 249	1 036 532	(667 283)		
Municipal Manager's office			-	610 500			
<b>FINANCE &amp; ADMINISTRATION</b>	-	<b>3 006 555</b>	<b>17 656</b>	<b>4 770 032</b>	<b>(4 770 032)</b>	<b>(100.00)</b>	
Budget & Treasury office		338 959			-		
Human Resources		771 978		2 680 032	(2 680 032)		
Information technology		206 552			-		
Property services		1 671 410		2 090 000	(2 090 000)		
Other					-		
Workshop		17 656	17 656		17 656		
<b>PLANNING &amp; DEVELOPMENT</b>			-	<b>125 000</b>	-	-	
Economic development & planning				125 000			
<b>ROAD TRANSPORT</b>	-	<b>40 959 746</b>	-	<b>39 157 618</b>	<b>(39 157 618)</b>	<b>(100.00)</b>	
Vehicle licensing & testing				130 000	(130 000)		
Roads		40 959 746		38 977 618			
Taxi ranks	-	-	-	50 000	<b>(2 000 000)</b>		
<b>COMMUNITY &amp; SOCIAL SERVICES</b>	-	-	-	<b>2 000 000</b>	<b>(2 000 000)</b>		
Libraries					-		
Community halls & other facilities				1 000 000			
Cemeteries & crematoriums				1 000 000			
<b>PUBLIC SAFETY</b>		<b>619 104</b>		<b>3 088 657</b>			
Disaster management							
Street lighting		619 104		3 088 657			
<b>SPORT &amp; RECREATION</b>		<b>65 154</b>		<b>1 429 306</b>	<b>(1 429 306)</b>		
<b>WASTE WATER MANAGEMENT</b>		<b>102 540</b>			-		
Sewerage	-		-	-	-		
Storm water		102 540					
Public toilets	-	-	-	-	-		
<b>WASTE MANAGEMENT</b>					-		
Solid waste/refuse	-	<b>128 449</b>	-	-	-		
<b>WATER</b>							
Water distribution	-	-	-	-	-		
Water storage					-		
<b>ELECTRICITY</b>	-		-	-	-		
Electricity distribution		<b>454 619</b>			-		
<b>TOTAL</b>	-	<b>45 705 416</b>	<b>386 905</b>	<b>52 217 645</b>			

**GREATER LETABA LOCAL MUNICIPALITY**

**APPENDIX F  
DEVIATION FROM SUPPLY CHAIN PROCESSES  
SUPPLY CHAIN MANAGEMENT REGULATION 36(2) FOR THE YEAR ENDED 30 JUNE 2010**

<b>DATE</b>	<b>DEPARTMENT</b>	<b>SUPPLIER</b>	<b>AMOUNT(EXCL.VAT)</b>	<b>REASON FOR DEVIATION</b>
01-May-10	Budget & Treasury Office	JANI Sytem Solutions	R 210 000.00	Compilation of GRAP compliant Fixed Asset Register
01-Apr-10	Budget & Treasury Office	KWCRS	Based on monthly billing	Assisting with meter readings while the Municipality finalises the appointment of full time meter readers